

Outcome of Ballot Measures in the Recent Election: Impact on State Budgets

November 11, 2015

Overview

There were 28 ballot measures in 9 states this year. Since this is an off year for elections, the number is significantly reduced from the 146 measures that were on last year's ballots. In Colorado, voters approved a measure to retain revenues for school construction and other purposes that otherwise would be returned to taxpayers and in Mississippi, voters did not approve amending the constitution to provide additional funding for schools.

In Washington, voters approved a measure that would reduce the sales tax by a certain percentage unless the legislature refers to voters for the 2016 general election a constitutional amendment that would require two-thirds legislative approval or voter approval to raise taxes and majority legislative approval to set the amount of a fee increase.

In all, about half of the states allow initiatives and/or referenda on statewide issues. Since the passage of Proposition 13 in California in 1978, ballot measures have had a significant impact on finances in some states and localities. Provisions to limit class size, earmark revenues, significantly increase and/or decrease state revenues, compensate landowners, and allocate set portions of the budget are all products of ballot measures throughout the years. In addition to the states with a popular initiative process, most states have provisions for popular votes on a variety of constitutional provisions and other measures.

While 2015 was a light year in the number of ballot measures, there will likely be a much larger number of ballot measures in the following year. There are already 30 measures in 15 states that will be on ballots in 2016 as of November 2015. Some measures scheduled for 2016 ballots include requiring voter approval of changes to the hospital fee program in California and permitting the state to intervene in chronically failing public schools in Georgia in order to improve student performance.

The following are some notable ballot measures that were considered in the recent 2015 election affecting state finances. When available, the fiscal impact is included in the description.

State Revenues

Colorado Proposition BB - Passed

This measure will allow the state to retain and spend \$58 million in state revenues from marijuana taxes that otherwise would be refunded under the state's rules for Taxpayer Bill of Rights or TABOR, with \$40 million of the total to be used for public school building construction.

Washington Initiative 1366 - Passed

This measure will decrease the sales tax rate from 6.5 percent to 5.5 percent on April 15, 2016 unless the legislature refers to voters a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes, and legislative approval for fee increases. If the legislature does not refer a constitutional amendment to voters for consideration at the November 2016 general election, sales tax revenue for the state general fund would decrease by \$8 billion over the next six fiscal years.

Transportation

Texas Proposition 7 - Passed

This constitutional amendment will dedicate certain sales and use tax revenue and motor vehicle sales, use, and rental tax revenue to the state highway fund to provide funding for non-tolled roads and the reduction of certain transportation-related debt through 2032.



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Education

Mississippi Initiative 42 - Did Not Pass

This measure would have amended the constitution to require that the state provide and the legislature fund an adequate and efficient system of free public schools. According to the fiscal analysis of the legislative budget office, because this amendment would have shifted funding decisions from the legislature to the court system, it is impossible to provide a specific fiscal impact. If the court system required K-12 education be funded at the amount called for by the statutory Mississippi Adequate Education Program, the legislature would have needed to appropriate an additional \$201 million above the fiscal 2016 budgeted amount. Since fiscal 2016 revenues are not adequate to support this funding increase, the legislature would have had to cut agency budgets or identify new sources of revenue.

Mississippi Initiative 42A - Did Not Pass

This measure would have amended the constitution as a legislative alternative to Initiative Measure 42 and would have required the legislature to provide, by general law, for the establishment, maintenance and support of an effective system of free public schools.

Bond Issues

Maine: Question 2 - Passed

The measure will authorize \$15 million in bonds for the construction of affordable, energy-efficient housing for low-income seniors and the repair and weatherization of existing homes for low-income seniors.

Maine: Question 3 - Passed

The measure will authorize \$85 million in bonds for transportation projects.

Prior to the general election, a number of states had ballot measures decided by voters. In Michigan, voters did not approve a measure that would have provided additional funds for transportation. In Louisiana, voters approved a measure to use funds in the state infrastructure bank solely for transportation projects though did not approve a measure that would have made changes to the budget stabilization fund including providing another funding source for transportation projects.

If you would like additional information, please contact Stacey Mazer (smazer@nasbo.org or 202-624-8431).